

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL & PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2008-AH-219**

DEPARTMENT OF FINANCIAL INSTITUTIONS

PETITIONER

vs.

**FINAL ORDER IMPOSING FOR FAILURE TO MAKE
REQUIRED DISCLOSURES**

PRIME SOLUTIONS, LLC
THOMAS E. HATTON, SR., MANAGING MEMBER

RESPONDENT

* * * * *

On or about July 17, 2008, an Order To Show Cause Why Sanctions Should Not Be Imposed For Failure To Make Required Disclosures (the "Show Cause Order") was issued by the Commissioner against Respondents, Prime Solutions, LLC, Thomas E. Hatton, Sr., Managing Member.

Respondent was served with a copy of the Show Cause Order by certified mail on July 21, 2008. The Show Cause Order notified Respondents of their right to request a hearing, in writing, within twenty days. Respondents have not filed a formal response to the Show Cause Order nor have they requested a hearing. Accordingly, the Commissioner enters the following Final Order including Findings of Fact and Conclusions of Law:

Findings of Fact And Conclusions of Law

1. The Department of Financial Institutions ("DFI"), Division of Securities (the "Division") is the agency of Kentucky state government charged with

enforcement of the provisions of KRS Chapter 292 (the “Kentucky Securities Act”) and the rules and regulations enacted thereunder. This Order is entered in the interest of the citizens of this Commonwealth in the public interest.

2. Prime Solutions, LLC (“Prime Solutions”) is a registered investment adviser with the DFI subject to those portions of KRS Chapter 292 and the regulations adopted thereunder applicable to investment advisers. The principal office of Prime Solutions is 208 North Main Street, Henderson, Kentucky 42420. The Managing Member of Prime Solutions is Thomas E. Hatton (“Hatton”). Hatton is also employed as an investment adviser representative with Prime Solutions.
3. On December 10, 2007, a default judgment was entered against Hatton by the Fayette Circuit Court in a civil action styled Lawrence York v. Thomas E. Hatton, Civil Action No. 07-CI-4995. The amount of the judgment was Eighty Two Thousand Nine Hundred Eighty Six Dollars and Thirty Three cents (\$82,986.33).
4. On December 12, 2007, an Affidavit for writ of wage garnishment against Hatton was filed in the Fayette Circuit Court in connection with the above-styled civil action. Prime Solutions was served with the garnishment on December 17, 2007.
5. On December 12, 2007, an Affidavit for writ of non-wage garnishment against Hatton was filed in the Fayette Circuit Court in connection with the above-styled action. Prime Solutions was served with the garnishment on December 17, 2007.

6. Subsequent to entry of the judgment in the above-styled civil action, a Notice of Judgment Lien was filed with the Henderson, Kentucky County Court Clerk's Office.
7. On March 10, 2008, Hatton, through counsel, filed a Notice of Filing of Bankruptcy Petition with the Fayette Circuit Clerk. The Notice advised that Hatton had filed a Chapter 7 Bankruptcy proceeding, Case No. 08-70268-BHL-7, with the United States District Court, Bankruptcy Division, in Evansville, Indiana on March 6, 2008.
8. Pursuant to KRS 292.330(1), it is unlawful for any investment adviser that is required to be registered under the Kentucky Securities Act to employ an investment adviser representative unless the investment adviser representative is registered under the Kentucky Securities Act.
9. KRS 292.500(3) permits the executive director (now commissioner) to promulgate forms as are necessary to carry out the provisions of the Kentucky Securities Act and forms governing registration statements, applications, notice filings and reports.
10. 808 KAR 10:010 establishes the required forms for registration or renewal registration, for a notice filing, for a registration exemption, and for withdrawal of registration. Specifically, 808 KAR 10:010, Section 1(2)(a) requires the completion of a Form U-4 to register as an investment adviser representative in Kentucky.
11. The date on which Hatton last filed a Form U-4 with the Division on January 14, 2008. Item 14 K of the Form U-4 states: "Within the last 10 years, have

you made a compromise, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?” Item 14 M of the Form U-4 states: “Do you have any unsatisfied judgments or liens against you?” Hatton responded “No” in his answers to both questions on his U-4.

12. The Form U-4 Instructions state that: “An individual is under a continuing obligation to update information required by Form U-4 as changes occur.”
13. KRS 292.330(11)(c) provides that: “If the information contained in any document filed with the executive director or the executive director’s designee is or becomes inaccurate or incomplete in any material respect, the broker-dealer or investment adviser, as applicable, shall promptly file a correcting amendment.”
14. Subsequent to the entry of the Show Cause Order on July 17, 2008, Respondents did file an amended and corrected Form U-4 disclosing the bankruptcy and judgment lien.

ORDER

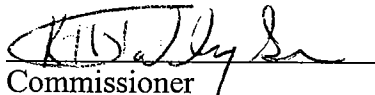
Accordingly, the Respondents, Prime Solutions and Thomas E. Hatton, are found to be in violation of the Kentucky Securities Act for filing a materially inaccurate Form U-4 with the Division and failing to promptly file a corrected and amended Form U-4. Respondents are assessed a fine in the amount of \$250 per violation for a total fine of \$500.

This is a Final Order.

Pursuant to KRS 292.490, any person aggrieved by a final order of the Commissioner may obtain a review of the order by filing in accordance with KRS

Chapter 13B in the Franklin Circuit Court, within thirty (30) days after the entry of the order, a written petition praying that the order be modified or set aside in whole or in part. A copy of the petition shall be forthwith served upon the Commissioner.

Entered this 13th day of August, 2008.



Commissioner
Department of Financial Institutions
1025 Capital Center Drive
Suite 200
Frankfort, KY 40601
(502) 573-3390

Certificate of Service

I, William Owsley, Counsel for the Department of Financial Institutions, certify that a copy of the foregoing Order was mailed certified, return receipt requested, to Thomas E. Hatton, Prime Solutions, 208 North Main Street, Henderson, Kentucky 42420 this 13th day of August, 2008.



William Owsley
Counsel
Office of Financial Institutions